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# SOVIET SAID TO PUT PRIORITY ON ARMS

Pentagon Intelligence Agency  
Reports Spending Grows  
Faster Than Economy

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WASHINGTON, Aug. 6 — The Defense Intelligence Agency has reported to Congress that Soviet military spending, while not increasing as fast as it did several years ago, is still growing more rapidly than the Soviet economy.

The agency told the Joint Economic Committee that the annual growth rate of the Soviet military budget — when measured in a complicated comparison with dollar costs — slowed from 4 percent a year in the early 1970's to 2 percent in the early 1980's, largely because the Soviet economy has been troubled.

That conclusion reflects a compromise by the Defense Intelligence Agency after a long debate with the Central Intelligence Agency. Until last winter the D.I.A. contended that Soviet military spending was continuing to increase at a rate of 4 percent a year. Some C.I.A. analysts said it had fallen to 2 percent.

At the same time, the Pentagon analysts, using an entirely different calculation based on ruble costs, said that Soviet military spending, even with its slowdown, had continued to expand faster than the overall economy.

## Spending Rises 6.5% a Year

The Defense Intelligence Agency reported that Soviet military spending from 1970 through 1981 expanded at an average annual rate of 6.5 percent, compared with an overall economic growth rate of 4.8 percent a year.

In rubles, they said military spending doubled in the 11 years, from 50 billion to 100 billion, including inflation.

This seemingly esoteric issue is considered important here because it is looked on as a key measure of Soviet military power. Calculating what the Russians spend also provides an insight into what they are capable of producing in the future.

Politically, the Reagan Administration has pointed to Soviet military spending to help justify its proposals for increased military budgets. Similarly, American military officers have asserted that Soviet spending justifies their requests for more arms.

On the other side, critics of large United States military budgets have sought evidence that Soviet military expansion is abating. That would give the critics additional arguments to oppose the ever bigger military budgets sought by the Administration.

## Testimony Given in Secret

The Pentagon report was delivered to the economic committee in secret testimony June 30 by Maj. Gen. Schuyler Bissell of the Air Force, the agency's deputy director. A version with sensitive data deleted was made public last Saturday. The C.I.A. is scheduled to report in September.

The Pentagon's agency, in another dispute with the C.I.A., asserted that Soviet production of oil, natural gas and coal were among the brightest features of the economy. The C.I.A. has generally been more negative in this area.

That issue is important strategically. If the Soviet Union has adequate supplies of energy, Moscow may be less interested in armed intervention into the oilfields around the Persian Gulf. It may also be less susceptible to economic pressures from the West.

The D.I.A. report said that natural gas output was growing around 8 percent a year, well above Moscow's goals, and that the Soviet Union, with the largest reserves, should become the world's leading producer within a few years.

## New Oil Growth Seen in 1990's

Oil output, the agency said, is expanding only about 1 percent a year but the Soviet Union was expected to meet its goals through 1985. Production is expected to level off for five years and resume growth in 1990.

In its assessment of Soviet military spending, the D.I.A. asserted that "all evidence continues to point to the fact that the military retains top priority with regard to resources." Among that evidence was more production of machinery related to defense and an expanding labor force in the defense machinery sector.

"Labor productivity is also growing more rapidly in the defense machinery sector than in the civilian sector," the report said. That was attributed to concentrated investment, specialized labor and improvements in technology.

Overall, the report said, the Soviet "military industrial base is by far the world's largest in number and size of facilities, and it produces more individual military systems than any other nation." The agency said the Soviet Union had 130 large plants for weapons.

The continued growth in military spending, the agency asserted, cut into production of consumer goods and investment in civilian industry. The Soviet economy has been also troubled with poor harvests, overburdened transport and poor productivity.

Despite the stagnant Soviet economy, the defense agency predicted a rise in Soviet military spending as more advanced and expensive weapons are incorporated into the forces. The D.I.A. estimated that spending increases for nuclear forces, led by bombers and missiles, would go up to 5 percent a year while the increase for conventional arms would be up to 4 percent annually.

The Soviet Union publishes little information about its military production or budgets, so American intelligence agencies make estimates based on information from by satellite photographs of plants and weapons, plus other methods of collection.